

CASE STUDY

HUB Prevailing Wage Solutions Helped a Construction Contractor Save \$1.32M and Enhance Benefits for Employees

Executive Summary

A well-respected, multi-generational heavy highway and road-building contractor operating in both in New York and Pennsylvania faced challenges in optimizing its prevailing wage fringe benefit structure. With over 90% of their projects subject to Davis-Bacon and prevailing wage regulations, the company was paying an additional \$1.32 million annually in payroll-related taxes and fees. HUB Prevailing Wage Solutions helped the company restructure its fringe benefit plan, resulting in significant cost savings and supplemental employee benefits during seasonal layoffs.

INDUSTRY: Construction**SERVICES: Heavy Highway / Road Building****LOCATION: New York and Pennsylvania****NUMBER OF EMPLOYEES: 200**

CHALLENGE

The company was paying \$6.6 million in fringe benefits, with \$4.4 million of those funds being paid directly as additional wages. This approach resulted in a 30% payroll burden, adding \$1.32 million in taxes and premiums annually. Additionally, the seasonal nature of their work left employees without health coverage during layoffs, forcing them to pay for COBRA or forego health insurance altogether. Despite the financial inefficiencies, the company was reluctant to make drastic changes that might disrupt the workforce.

SOLUTION

HUB recommended a trust to restructure the company's fringe benefits. This solution allowed the company the means to provide 12 months of health insurance coverage, eliminating the need for employees to pay COBRA during layoffs. It also continued to fund the profit-sharing retirement plan at 10% of compensation and introduced supplemental unemployment benefits during seasonal layoffs, providing some financial relief.

RESULTS

The restructuring eliminated the \$1.32 million payroll tax burden, saving the company approximately \$6,600 per employee. Employees saw a five-fold increase in their income during seasonal layoffs due to the supplemental unemployment benefits, and year-round health insurance coverage provided additional security. These changes allowed the company to bid more competitively on government contracts while maintaining employee satisfaction and financial stability.

Partnership

Fringe Benefits
OptimizationRisk Management
StrategyTax Savings and Enhanced
Employee Benefits